

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7741

BILL NUMBER: SB 472

NOTE PREPARED: Jan 15, 2003

BILL AMENDED:

SUBJECT: Juvenile or Probate Court Charter Schools.

FIRST AUTHOR: Sen. Broden

BILL STATUS: As Introduced

FIRST SPONSOR:

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a juvenile court or the St. Joseph probate court may sponsor a charter school. It provides that only students over whom a juvenile court or the St. Joseph probate court has jurisdiction may attend a charter school sponsored by the juvenile or probate court.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Under the Attorney General's opinion of the current charter school law, the state would incur an additional expense for the first six months of operation of the new charter schools. As of December 13, 2002, the state had eleven new charter schools serving 1,242 students with a state cost from July - December of 2002 of \$1,988,495. Based on the July- December 2002 experience, the incremental cost for the first six months of operation would be about \$1,600 per student. The state cost after the first six months of operation depends upon if the student had been enrolled in a public or private school and if the student's resident school corporation is growing or declining in enrollment. If the student, who was previously enrolled in a private school, enrolls in a charter school within a district which has increasing enrollment, then there is a state fiscal impact of approximately \$5,120 per student. For school with declining enrollment there is no state fiscal impact. The impact would depend on the number of students attending a charter school sponsored by the juvenile or probate court.

Explanation of State Revenues:

Explanation of Local Expenditures: Under the current charter school law, it is unclear if the local school would incur additional expenses in the first six months of the operation of charter schools. The impact for local school corporations starting with the next calendar year after the charter school begins depends on how

the schools receives its school formula revenue. In the school formula, schools make three separate revenue calculations and receive the greatest revenue of the three calculations. The largest local impact is for minimum guarantee school corporations. The school receives 2% more in revenue than they received last year, regardless of enrollment changes. The minimum guarantee school corporation would lose revenue on average of \$5,120 per student for students attending charter schools. Schools that receive funding through the foundation and variable grant calculation may lose revenue depending on their student counts. If a school corporation has no rehosting then the impact on the school corporation is the same if the student left to attend a charter school, a private school, or another school corporation. The amount of revenue redirected to the charter school is equal to the amount of revenue the school would have lost if the student left the school corporation. If the school has rehosting, the decline in enrollment is phased out over five years, then the school corporation would lose some revenue. The revenue loss would be about \$4,096 per student, since the school would only lose 20% of the funding if the student left to attend another school. (The impact on local schools for the first six months for the eleven new charter school would have been about \$1.7 M but it is not known if they actually made these expenditures.)

Background: The following is a simple explanation of the school formula calculations for regular programs for CY 2003.

Enrollment

Step 1 Count Noses. Base Enrollment is the number of students enrolled on a fixed day in mid-September (this year: September 13, 2002).

Step 2 Reghost. Compare Base Enrollments for 1998, 1999, 2000, 2001, and 2002:

- (a) If 1998 is higher than any subsequent (i.e., later) year
Then: Add 20% of the difference between the 1998 Base Enrollment and highest subsequent enrollment.
- (b) If 1999 is higher than any subsequent year
Then: Add 40% of the difference between the 1999 Base Enrollment and highest subsequent enrollment.
- (c) If 2000 is higher than either 2001 or 2002.
Then: Add 60% of the difference between the 2000 Base Enrollment and highest subsequent enrollment.
- (d) If 2001 is higher than 2002
Then: Add 80% of the difference between the 2001 Base Enrollment and the 2002 Base Enrollment.

Regular School Formula Revenue

Revenue is calculated 3 ways—Minimum Guarantee, Foundation, and Variable Grant—District receives the biggest of the 3.

Foundation	Multiply \$4,560 by District Enrollment (calculated above) by District Complexity Index that ranges between 1.00 (Eagle Union) and 1.19 (East Chicago), which is based on (a) Community education level, (b) % of Single-Parent Households in Community, (c) Poverty, (d) % limited English proficient students, and (e) % free lunch
Variable Grant	Increase 2002 regular education per-pupil revenue by \$50-\$90 and multiply by District Enrollment (calculated above)
Minimum Guarantee	Increase 2002 regular education revenue by 2%

During CY 2001, 1,062 juvenile delinquency cases were disposed in the Saint Joseph Probate Court.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: St. Joseph Probate Court

Information Sources: 2001 Indiana Judicial Report

Fiscal Analyst: Chuck Mayfield, 317-232-4825